

FINANCIAL INDUSTRY REGULATORY AUTHORITY
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 20140423062-01

TO: Department of Enforcement
Financial Industry Regulatory Authority ("FINRA")

RE: Wilson-Davis & Co., Inc., Respondent
Broker-Dealer
CRD No. 3777

Pursuant to FINRA Rule 9216 of FINRA's Code of Procedure, Wilson-Davis & Co., Inc. (the "firm" or "Respondent") submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Respondent alleging violations based on the same factual findings described herein.

I.

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

BACKGROUND

The firm has been a member of FINRA since December 23, 1968, and its registration remains in effect.

RELEVANT DISCIPLINARY HISTORY

On December 16, 2013, FINRA accepted an AWC in which the firm was censured and fined \$5,000 for violations of FINRA Rule 6460 during the period July 1, 2012 through September 30, 2012.

SUMMARY

In Matters 20140423062, 20150455300 and 20150475926, the staff of the Department of Market Regulation (the "staff") reviewed the firm's compliance with FINRA Rule 6460 during the periods April 1, 2014 through June 30, 2014, January 1, 2015 through June 30, 2015, and July 1, 2015 through March 31, 2016 (the "combined review period"). The staff also reviewed the firm's supervisory system for achieving compliance with FINRA Rule 6460. Based on these reviews, the Department of Enforcement found that the firm violated FINRA Rules 6460, 6437, 3110 and 2010, and NASD Rule 3010, as described below.

FACTS AND VIOLATIVE CONDUCT

1. During the combined review period, the firm failed to publish immediately a bid or offer that reflected the price and the full size of 54 customer limit orders for OTC Equity Securities held by the firm that were at a price that would have improved the firm's bid or offer in such securities. The conduct described in this paragraph constitutes separate and distinct violations of FINRA Rule 6460.
2. During the staff's review, the firm identified, among other things, its locked and crossed markets procedures as part of its supervisory system for achieving compliance with FINRA Rule 6460. During the period April 1, 2014 through May 18, 2017, the firm failed to implement a supervisory system, including policies and procedures, that reasonably avoid displaying, or engaging in a pattern or practice of displaying, locking or crossing quotations in any OTC Equity Security. Specifically, the firm's supervisory system did not include written supervisory procedures providing for a statement of the supervisory step(s) to be taken by the person(s) responsible for supervision with respect to the applicable rules. The conduct described in this paragraph constitutes violations of FINRA Rule 6437, NASD Rule 3010 (for conduct that occurred prior to December 1, 2014), FINRA Rule 3110 (for conduct that occurred on and after December 1, 2014), and FINRA Rule 2010.

B. Respondent also consents to the imposition of the following sanctions:

A censure, a fine of \$20,000, and an undertaking to revise the firm's written supervisory procedures with respect to the areas described in section I.A.2. Within 30 business days of acceptance of this AWC by the National Adjudicatory Council ("NAC"), the Respondent's President shall submit to the COMPLIANCE ASSISTANT, DEPARTMENT OF ENFORCEMENT, 9509 KEY WEST AVENUE, ROCKVILLE, MD 20850, a signed, dated letter, or an e-mail from a work-related account of the President to MarketRegulationComp@finra.org, providing the following information: (1) a reference to this matter; (2) a representation that the firm has revised its written supervisory procedures to address the deficiencies described in section I.A.2; and (3) the date the revised procedures were implemented.

Respondent agrees to pay the monetary sanction(s) upon notice that this AWC has been accepted and that such payment(s) are due and payable. It has submitted an Election of Payment form showing the method by which it proposes to pay the fine imposed.

Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, the monetary sanction(s) imposed in this matter.

The sanctions imposed herein shall be effective on a date set by FINRA staff.

II.

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Complaint issued specifying the allegations against the firm;
- B. To be notified of the Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent specifically and voluntarily waives any right to claim bias or prejudgment of the Chief Legal Officer, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Respondent further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of FINRA Rule 9143 or the separation of functions prohibitions of FINRA Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III.

OTHER MATTERS

Respondent understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs ("ODA"), pursuant to FINRA Rule 9216;
- B. If this AWC is not accepted, its submission will not be used as evidence to prove any of the allegations against Respondent; and
- C. If accepted:
 - 1. this AWC will become part of the firm's permanent disciplinary record and may be considered in any future actions brought by FINRA or any other regulator against the firm;

2. this AWC will be made available through FINRA's public disclosure program in accordance with FINRA Rule 8313;
 3. FINRA may make a public announcement concerning this agreement and the subject matter thereof in accordance with FINRA Rule 8313; and
 4. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any finding in this AWC or create the impression that the AWC is without factual basis. Respondent may not take any position in any proceeding brought by or on behalf of FINRA, or to which FINRA is a party, that is inconsistent with any part of this AWC. Nothing in this provision affects the firm's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which FINRA is not a party.
- D. Respondent may attach a Corrective Action Statement to this AWC that is a statement of demonstrable corrective steps taken to prevent future misconduct. The firm understands that it may not deny the charges or make any statement that is inconsistent with the AWC in this Statement. This Statement does not constitute factual or legal findings by FINRA, nor does it reflect the views of FINRA or its staff.

The undersigned, on behalf of the firm, certifies that a person duly authorized to act on its behalf has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that it has agreed to the AWC's provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce the firm to submit it.

11/8/2017
Date

Respondent
Wilson-Davis & Co., Inc.

By: JAMES C. SNOW
Name: [Signature]
Title: PRESIDENT

Reviewed by:

Attorney Name
Counsel for Respondent
Firm Name
Address
City/State/Zip
Phone Number

Accepted by FINRA:

11/21/17
Date

Signed on behalf of the
Director of ODA, by delegated authority

[Signature]
Tina Salehi Gubb
Chief Counsel
FINRA Department of Enforcement